

105TH CONGRESS
1ST SESSION

H. R. 535

To amend the Internal Revenue Code of 1986 to allow a capital loss deduction with respect to the sale or exchange of a principal residence.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1997

Mrs. LOWEY (for herself, Mr. GILMAN, Mr. SHAYS, Mr. HINCHEY, Mr. BE-REUTER, Mr. FROST, Ms. DELAURO, Mr. TOWNS, Ms. NORTON, Mr. DAVIS of Virginia, Mr. SKEEN, Mr. FILNER, Mr. GREEN, Mr. MCHUGH, Mr. WYNN, Mr. WALSH, Mr. ENGLISH of Pennsylvania, Mr. BARCIA, Mrs. KELLY, Mr. TAYLOR of North Carolina, Ms. CHRISTIAN-GREEN, and Mr. ROHRABACHER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a capital loss deduction with respect to the sale or exchange of a principal residence.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CAPITAL LOSS DEDUCTION ALLOWED WITH RE-**
4 **SPECT TO SALE OR EXCHANGE OF PRINCIPAL**
5 **RESIDENCE.**

6 (a) IN GENERAL.—Subsection (c) of section 165 (re-
7 lating to limitation on losses of individuals) is amended

1 by striking “and” at the end of paragraph (2), by striking
2 the period at the end of paragraph (3) and inserting “;
3 and”, and by adding at the end the following new para-
4 graph:

5 “(4) losses arising from the sale or exchange of
6 the principal residence (within the meaning of sec-
7 tion 1034) of the taxpayer.”

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to sales and exchanges after the
10 date of the enactment of this Act, in taxable years ending
11 after such date.

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